

38. [RESERVED]

39. CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.

40. DISCLOSURE: Vendor's response to the Solicitation and the resulting Contract are considered public documents and will be disclosed to the public in accordance with the laws, rules, and policies governing the West Virginia Purchasing Division. Those laws include, but are not limited to, the Freedom of Information Act found in West Virginia Code § 29B-1-1 et seq.

If a Vendor considers any part of its bid to be exempt from public disclosure, Vendor must so indicate by specifically identifying the exempt information, identifying the exemption that applies, providing a detailed justification for the exemption, segregating the exempt information from the general bid information, and submitting the exempt information as part of its bid but in a segregated and clearly identifiable format. Failure to comply with the foregoing requirements will result in public disclosure of the Vendor's bid without further notice. A Vendor's act of marking all or nearly all of its bid as exempt is not sufficient to avoid disclosure and **WILL NOT BE HONORED**. Vendor's act of marking a bid or any part thereof as "confidential" or "proprietary" is not sufficient to avoid disclosure and **WILL NOT BE HONORED**. In addition, a legend or other statement indicating that all or substantially all of the bid is exempt from disclosure is not sufficient to avoid disclosure and **WILL NOT BE HONORED**. Vendor will be required to defend any claimed exemption for nondisclosure in the event of an administrative or judicial challenge to the State's nondisclosure. Vendor must indemnify the State for any costs incurred related to any exemptions claimed by Vendor. Any questions regarding the applicability of the various public records laws should be addressed to your own legal counsel prior to bid submission.

41. LICENSING: In accordance with West Virginia Code of State Rules §148-1-6.1.7, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.

42. ANTITRUST: In submitting a bid to, signing a contract with, or accepting a Purchase Order from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired

by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.

- 43. VENDOR CERTIFICATIONS:** By signing its bid or entering into this Contract, Vendor certifies (1) that its bid was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid for the same material, supplies, equipment or services; (2) that its bid is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this RFQ in its entirety, understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.

The individual signing this bid on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.

- 44. PURCHASING CARD ACCEPTANCE:** The State of West Virginia currently utilizes a Purchasing Card program, administered under contract by a banking institution, to process payment for goods and services. The Vendor must accept the State of West Virginia's Purchasing Card for payment of all orders under this Contract unless the box below is checked.



Vendor is not required to accept the State of West Virginia's Purchasing Card as payment for all goods and services.

- 45. VENDOR RELATIONSHIP:** The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, *etc.* and the filing of all necessary documents, forms and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

- 46. INDEMNIFICATION:** The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered

by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

47. PURCHASING AFFIDAVIT: In accordance with West Virginia Code § 5A-3-10a, all Vendors are required to sign, notarize, and submit the Purchasing Affidavit stating that neither the Vendor nor a related party owe a debt to the State in excess of \$1,000. The affidavit must be submitted prior to award, but should be submitted with the Vendor's bid. A copy of the Purchasing Affidavit is included herewith.

48. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE: This Contract may be utilized by and extends to other agencies, spending units, and political subdivisions of the State of West Virginia; county, municipal, and other local government bodies; and school districts ("Other Government Entities"). This Contract shall be extended to the aforementioned Other Government Entities on the same prices, terms, and conditions as those offered and agreed to in this Contract. If the Vendor does not wish to extend the prices, terms, and conditions of its bid and subsequent contract to the Other Government Entities, the Vendor must clearly indicate such refusal in its bid. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award of this Contract in any manner.

49. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire any interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

50. REPORTS: Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:

- ☒ Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.
- ☐ Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.requisitions@wv.gov.

51. BACKGROUND CHECK: In accordance with W. Va. Code § 15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information

to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry.

After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision.

The State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Service providers should contact the West Virginia Division of Protective Services by phone at (304)558-9911 for more information.

52. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open hearth, basic oxygen, electric furnace, Bessemer or other steel making process.

The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:

- a. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
- b. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

53. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products.

This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.

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SECTION FOUR: PROJECT SPECIFICATIONS

1. **Location:** Agency is located at 2101 Washington Street East, Charleston, WV.
2. **Background and Current Operating Environment:** The services to be provided under this contract are for a Statewide Single Audit of the State of West Virginia, which requires both a financial and a compliance audit. Those services must include the determination and report whether the Basic Financial Statements in the State's CAFR present fairly the financial position and results of financial operations in accordance with GAAP.

The State has completed a CAFR since 1992, through the efforts of the Financial Accounting and Reporting Section (FARS). Since the 1995 CAFR, the State has been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. To produce the CAFR, FARS gathers information from all State agencies, accounts, departments, boards, and commissions.

West Virginia has filed all previous Single Audit reports with the federal government for fiscal years 1986-2012. The State has established a good working relationship with the Department of Health and Human Services, the federal cognizant agency for West Virginia's Single Audit.

Federal Financial Assistance: The fiscal year 2012 Schedule of Expenditures of Federal Awards (SEFA) identifies more than 490 individual awards, with approximately 27 possible Type A programs. These grants were received from 26 different federal grantor agencies. Included in the SEFA is the Student Financial Aid (SFA) program at the colleges and universities. Three Higher Education institutions have research corporations which obtain federal grants for the benefit of the institutions. The scope of this RFP will not include audits of these research corporations.

Chief Inspector's Office of the West Virginia State Auditor's Office: The State Auditor's Office is responsible for conducting or subcontracting audits of local governments. Many State agencies provide grants to sub-recipients. The Chief Inspector Division has controls and procedures in place that are designed to ensure local governments (sub-recipients) which are subject to the A-133 audit requirements have single audits performed timely for submission and review by the grantor agency. The potential exists for certain agencies to not be within the requirements of their grants. The Chief Inspector's Office had its last peer review performed by the National State Auditors' Association on October 4, 2012. The opinion is available at the Chief Inspector's web site: <http://www.wvsao.gov/ChiefInspector/files/QualityControlReviewOpinionLetter.pdf>

Financial Reporting Entity: West Virginia has approximately 100 State agencies of varying size and structural organization. Its agencies receive their funding from a combination of fees and annual appropriations of the West Virginia Legislature. The State's most significant sources of revenues in the governmental funds are federal grants, personal income tax, and consumer sales and use tax.

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The annual general revenue budget of the State is approximately \$4.1 billion. The majority of the State's general revenue budget is dedicated to Education.

The State of West Virginia has an executive branch of government that is structured to maintain separation of powers and responsibilities. The elected state officials are the Governor, State Auditor, Attorney General, Commissioner of Agriculture, State Treasurer, and Secretary of State. The legislative branch also operates a legislative auditor's office with accounting and audit responsibilities that are set forth in the West Virginia Code. These audit responsibilities do not overlap or duplicate the Single Audit.

There are several component units of State government which have been identified in accordance with GASB Statement No. 14 and No. 61. The majority of these component units and the enterprise funds presently have independent GAAP audits of their operations on an annual basis. The Single Audit firm is expected to rely on the stand-alone financial statement audits to the greatest extent possible. These audit reports are required to be issued each year in a timeframe established by the Financial Accounting and Reporting Section of the Department of Administration. See Attachment D for a list of entities which are audited on a stand-alone basis.

State Comptroller's Office:

The State Comptroller (Comptroller) is responsible for issuing the State's CAFR and ensuring that the Basic Financial Statements of the State are audited annually by an independent certified public accounting firm. Additionally, the Comptroller is responsible for maintaining the State's financial records in accordance with GAAP along with maintaining the official chart of accounts of the State, the centralized accounting system of the State, and statewide accounting policies and procedures. The Comptroller is also responsible for ensuring the State's component units submit financial statements, audited by independent certified public accountants, in the form and time frames necessary for inclusion in the State's CAFR.

WVFIMS:

The State of West Virginia's centralized accounting system is known as the West Virginia Financial Information Management System (WVFIMS). WVFIMS provides a centralized system that meets the budgetary accounting needs of the State and its agencies. The system provides management with on-line access to critical information for general ledger and appropriation accounts. WVFIMS has approximately 2,000 active funds in which the State tracks postings for all transactions. Also, WVFIMS has approximately 2,700 revenue accounts and 10,500 expenditure accounts in which activity is recorded. WVFIMS provides State agencies with ledgers for all accounting transactions. In 2013, there were approximately 656,000 invoice transactions, 641,000 purchase card transactions, and 28,000 intergovernmental transfers.

Documentation for WVFIMS is made available to State agencies in the form of training manuals and user manuals. Policies are currently distributed to State agencies as updated. All agencies have been trained on the system and ongoing training is available.

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The Office of Technology obtained a SOC audit report for FY 2013 and may continue this process in FY 2014.

wvOASIS:

The State is currently in the process of implementing an Enterprise Resource Planning system, wvOASIS, which may change aspects of the CAFR process for the FY 2015 audit. The budget module of wvOASIS was put in production August 5, 2013, the financial module is scheduled to go live July 1, 2014 and the payroll module is scheduled for January 1, 2015.

GAAP Basis Financial Data:

The Department of Revenue, State Budget Office, maintains responsibility for the budget process.

The Department of Administration maintains responsibility for the encumbrance accounting, purchasing rules and regulations, fixed asset accounting, hiring and classification of employees, spending controls, and preparation of GAAP basis financial statements.

The data available with respect to cash, investments, and accounts payable is centralized within WVFIMS.

The data available with respect to accounts receivable is not centralized. Each State agency that maintains accounts receivable is responsible for their own systems, procedures, and account records.

Annually, each State agency is required to report litigation and claims to FARS. This information is compiled and a list is sent to the Attorney General's Office and approximately 10 other attorneys representing other state agencies. The Attorney General and other attorneys then review the lists of litigation and claims. The attorneys respond directly to the audit firm as part of the confirmation process.

The State of West Virginia does not have a statewide internal audit function. Various agencies of government have an internal audit staff, which may be available to assist the external audit firm.

The State provides a retirement program for its employees and employees of local governmental units, including school boards. These retirement programs are administered through the Consolidated Public Retirement Board (CPRB), 4101 MacCorkle Ave. S.E, Charleston, WV. CPRB is audited separately.

Department of Transportation (DOT):

The Department of Highways within the DOT is required by the WV Constitution to be audited through the Legislative Auditor's Office and will continue to be separately audited. Also, the Railroad Maintenance Authority (WV State Rail) requires separately published financial statements, which are produced by DOT/WV State Rail, and need to be separately audited. The

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remaining divisions under DOT, Public Transit, Public Port Authority, Aeronautics Commission, Motor Vehicles, and Office of Administrative Hearings will be included in this contract.

CAFR:

The State has completed a CAFR every year since 1992. FARS is primarily responsible for the preparation of the CAFR. Information reported in the CAFR comes from a variety of sources. The State has approximately 27 component units and enterprise funds which are required to submit GAAP basis audited financial statements to FARS. For funds which are not audited on a stand-alone basis, working papers are prepared from information gathered in the form of "closing books." For the 2013 CAFR, FARS used 20 closing forms that are completed by approximately 60 State agencies. The following is a list of working papers prepared from closing book information or other sources.

Cash - Outside	Other Assets
Accounts Receivable	Claims & Judgments
Inventory	Compensated Absences
Other Liabilities	Operating Leases
Agency Funds	Transfers
Taxes Receivable	Investments
Capital Leases	Accounts Payable
IGT's Receivable	Budget to Actual Schedule
Medicaid Accrual	Budget to GAAP
Due To/From Federal Government	General Fund Opening Balances
Due To/From Local Government	Internal Service Funds (3 unaudited)
Statistical Section	Long-Term Debt - Bonds
Capital Assets (10 work papers)	Claims and Judgments
Tax Refunds Payable	Funds without Financial Statements
Summary of Significant Accounting Policies	Management Discussion & Analysis
Deposit & Investment Risk Disclosure	OPEB
Restricted Assets	Fund Equity (Changes in)
Retirement Systems	Lease Purchase Accounts (16)
Subsequent Events	Multi-year revenue
Pollution Remediation	Correctional Industries
Dept. of Transportation (not Highways)	School Construction Fund
GASB 54 Reconciliation	GASB 34 Reconciliations

All working papers are centrally located in the library of FARS. Working papers consist of closing book information from various State agencies, copies of audited financial statements from component units and information used to prepare the footnote disclosures and other required statements. Detailed budgetary basis activity for the year as recorded in WVFIMS is summarized for entry into the CAFR2000, a PC-based reporting tool, which produces the financial statements. Work sheets from CAFR2000 are printed, which document the adjustments made by FARS.

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State Auditor's Office (SAO):

The West Virginia State Auditor is a separate elected official. The SAO reviews and examines all disbursements, including vendor and payroll checks of the State of West Virginia. The SAO operates a budgetary fund accounting system on a modified cash basis.

The individual State agencies enter transactions on the IBM WVFIMS terminals. Transactions are then processed and approved by the State Auditor (Unisys System) for payment. When the transaction is completed, it is recorded on both the IBM and Unisys System. The SAO maintains supporting documentation (some scanned and some paper) centrally in its office. The two systems are kept in constant reconciliation.

The State has approximately 38,000 employees who are paid by the Auditor's Office. In 2013, the State processed approximately 981,500 vendor invoices.

Investments: The State Treasurer's Office (STO), Board of Treasury Investments (BTI), and the Investment Management Board (IMB) have the responsibility for the investment of funds for all State agencies, departments, boards and commissions, unless otherwise specified in the West Virginia Code. The STO has the responsibility for the cash management of funds for all State agencies, departments, boards and commissions unless otherwise specified in the West Virginia Code.

State Treasurer's Office:

The STO provides check depository services for state agencies. Agencies that are not located in the Capitol Complex are required to deposit their checks at an approved local bank. The checks and coupons are batched together and processed through transports to capture the data. Deposit documents are entered, modified, and completed in the general ledger. Both the STO and the Tax Department prepare cash letter deposits on a daily basis. Currently, the STO prepares an Image Cash Letter (ICL) that is transmitted directly to the Federal Reserve in Cleveland through a secure internet connection. The Federal Reserve reports the daily deposit amount from the ICL to the State's clearing bank.

The Tax Department bundles their checks in a deposit that is delivered to the State's clearing bank. The State's clearing bank receives the cash letter amount, collects the checks, images the checks, and distributes them to other banks or the Federal Reserve based on the routing numbers. The Tax Department is currently working toward the generation of an ICL in the future. The State's clearing bank reports the deposit amounts to the STO accounting personnel by email each day.

Cash and checks deposited into banks throughout the State are concentrated into the STO's main receipt account, either by wire transfer or through automated clearing house transactions. The STO is responsible for reconciling all receipt and disbursement of bank accounts. Approximately 55 bank accounts are reconciled monthly. The banking records are tracked through the banking module of WVFIMS. All supporting documents are located at the STO.

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The STO monitors all bank account balances to ensure that the bank has pledged sufficient collateral to cover all deposits held by the bank. The STO approves all imprest funds and outside bank accounts used by State agencies. An outside bank account may be used by a State agency to deposit those funds not due the State of West Virginia, e.g., direct student loans.

The STO is responsible for the administration of the Federal Cash Management Act. The STO performs all calculations required by the Cash Management Act and submits each annual report calculating the State's liability to the US Treasury.

The STO prepares a quarterly and annual debt management report, which is used in the preparation of the State's CAFR.

Investment Management Board (IMB):

The IMB is responsible for the State's long-term investments including various pension assets, insurance assets, and endowment assets. The total value of the assets under the IMB's authority was \$14.2 billion at June 30, 2013. The IMB has engaged professional investment managers who exercise full discretionary authority, within the policies established by the IMB, over their assigned investments.

Board of Treasury Investments (BTI):

The BTI is responsible for investing the State's general operating cash, and cash for participating local governments and State agencies, which totaled approximately \$3.5 billion at June 30, 2013. The BTI has engaged professional investment managers to provide investment advice on all of the investment pools except for the participant directed accounts.

Availability of Reports and Working papers: In accordance with Statement on Auditing Standards Number 84, the State intends to request that the predecessor firm respond to reasonable inquiries of the successor auditor and allow access to review working papers on matters of continuing significance. The State's working papers and copies of audited reports are available upon request.

3. **Qualifications and Experience:** Vendors will provide in **Attachment A: Vendor Response Sheet** information regarding their firm, such as a list of audits and references that have been completed that demonstrate the ability to manage an audit engagement of this magnitude; list proposed audit staff with their degrees, qualifications, and experience in completing similar projects; describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement; prior government experience (description of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met) and continuing education of senior audit staff, partners, managers, and supervisors; describe specific audit work plan including subcontractors, firm's responsibilities under the applicable auditing standards and federal regulations, describe how the firm's approach to this engagement will demonstrate that all requirements are met, and describe any potential problems in performing all services described in this RFP,

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including the effects of GASB standards, the firm's approach to resolving these problems and any special assistance that will be requested of the Agency or the State agencies.

Engagement partners, managers, other supervisory staff, audit seniors, and specialists may need to be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for these or other reasons with the express prior written permission of the Agency. However, in either case, the Agency must be informed in writing of these changes and retain the right to approve or reject replacements based upon their qualifications, experience or performance. Other personnel may be changed at the discretion of the proposer, provided that replacements have substantially the same or better qualifications or experience.

4. **Project and Goals:** The project goals and objectives are:

- 4.1. Goal/Objective 1 - Firm with Statewide auditing experience.
- 4.2. Goal/Objective 2 - Qualified audit staff and specialists or outside consultants.
- 4.3. Goal/Objective 3 - Qualified senior audit staff, including partners, managers, and supervisors.
- 4.4. Goal/Objective 4 - Completed CAFR audit by December 31 and Single Audit by February 24.

5. **Mandatory Requirements**

The following mandatory requirements must be met by the Vendor as a part of the submitted proposal. Failure on the part of the Vendor to meet any of the mandatory specifications shall result in the disqualification of the proposal. The terms "must", "will", "shall", "minimum", "maximum", or "is/are required" identify a mandatory item or factor. Decisions regarding compliance with any mandatory requirements shall be at the sole discretion of the Purchasing Division.

- 5.1. Mandatory Requirement 1 - The firm must be independent and licensed to practice in West Virginia.
- 5.2. Mandatory Requirement 2 - The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

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- 5.3. Mandatory Requirement 3 - The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996 and OMB Circular A-133.
- 5.4. Mandatory Requirement 4 - The firm shall submit a copy of one (1) report issued in the last five (5) years that is similar to the engagement described in this RFP.
- 5.5. Mandatory Requirement 5 - The firm shall submit a copy of its most recent external quality control review report and the results of any Federal or State desk reviews or its audit during the past three (3) years.
- 5.6. Mandatory Requirement 6 - All requirements must also be met by joint proposers.
- 5.7. Cost of Services:
Total All-Inclusive Maximum Price:
The cost proposal shall contain all pricing information relative to performing the engagement as described in the RFP. The total all-inclusive maximum price to be bid is to contain all costs including out-of-pocket expenses.

The State of West Virginia and the Agency are not responsible for and will not reimburse any entity for expenses incurred in preparing and submitting the proposal or the sealed dollar cost proposal.

The first page of the cost proposal should include the following information:

1. Name of Firm;
2. A total all-inclusive maximum price for the one-year engagement of fiscal year 2014 (See Attachment C);
3. A total all-inclusive maximum price for the one-year engagement of fiscal year 2015 (See Attachment C);
4. A total all-inclusive maximum price for the one-year engagement of fiscal year 2016 (See Attachment C); and
5. A total all-inclusive maximum price for the one-year engagement of fiscal year 2017 (See Attachment C).

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Out-of-Pocket Expenses in the Total All-Inclusive Maximum Price and Reimbursement Rates:

All estimated out-of-pocket expenses must be included in the cost proposal as part of the total all-inclusive maximum price submitted by the firm.

Rates for Additional Professional Staff:

If it should become necessary for the Agency to request the firm to render any additional services either to supplement the services requested in this RFP or to perform additional work unforeseen at the issuance of the RFP but necessary to fulfill results required under this RFP, then such additional work shall be performed only if set forth in a written addendum to the contract between the Agency and the firm. Any such additional work agreed to between the Agency and or the agencies and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

Time Requirements, Contract Deliverables:

Date Services May Commence:

The audits will commence on a date to be mutually agreed upon. Preliminary work before fiscal year-end is encouraged to help ensure that the audit is completed in the time frame established in Attachment E.

Schedule for the Fiscal Year 2014 Audit:

Each of the following shall be completed by the audit firm no later than the time indicated in the timetable included in Attachment E:

1. Interim Work
During this phase, the audit firm shall gain a detailed understanding of the controls that exist over expenditures of federal awards and the GAAP basis financial statements.
2. Detailed Audit Plan
The audit firm shall provide detailed audit plans and requests for audit assistance within the time frame specified in Attachment E.
3. Field Work
The audit firm shall complete all field work within the time frame specified in Attachment E in order to ensure that the draft and final reports are delivered as agreed.
4. Draft Reports
The audit firm shall have drafts of the audit reports and recommendations to the respective management of the Agency available for their review by the dates specified in Attachment E.

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5. **Final Reports**
The audit firm shall deliver the final audit reports and recommendations to the respective management of the Agency and other State agencies, where applicable, by the dates specified in Attachment E.
6. All work under the proposed contract will be under the direction of the Agency. Written reports must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance. Any public statements which may be required must be discussed with the Agency prior to the statements being made or released.

All requests for extensions of the deadlines for submission of reports must be made in writing to the State Comptroller at least ten (10) working days before the first deadline for which an extension is requested. The request must include:

- a. what deadlines the request applies to;
- b. the new date of submission should the request be granted and the impact the request will have on subsequent report deadlines; and
- c. a concise discussion of the reason(s) for the delay which includes the cause of the delay, what events precipitated that delay, what action was taken to resolve the issues involved without a delay, and likelihood of meeting the new date of submission.

The State Comptroller will either grant or reject the request within ten (10) working days of its receipt, in a written notification to the audit firm.

Entrance Conferences, Progress Reporting, and Exit Conferences:

The audit firm shall hold entrance conferences with all key financial accounting personnel to discuss interim work to be performed and any anticipated audit problems. The meetings also will be used to establish an overall liaison for the audits and to make arrangements for work space and other needs of the audit firm.

During field work, the audit firm will meet at intervals as outlined in Attachment E with the State Comptroller or other designated financial personnel in order to report the progress of its work and identify any problems, issues, and significant findings. The audit firm shall provide the Agency with written minutes of the meeting, including issues discussed and actions to be taken within three (3) working days after the meeting.

The audit firm shall hold exit conferences with the Single Audit Coordinator and other key personnel from each agency in which CAFR and SEFA field work is conducted to summarize the results of their field work and to review significant findings. Agency representatives must be provided an

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opportunity to respond to the findings in a reasonable time frame in order to correct audit firm's errors or oversights identified by the audit firm, or to provide information that may have been previously unavailable. The meetings should be coordinated with FARS.

Due Date for Final Reports:

The audit firm shall provide all reports, findings, recommendations, revisions, management letters, and suggestions for improvement to the State Comptroller.

The State Comptroller will complete the review of the draft reports as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the audit firm should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed audit reports shall be delivered within seven (7) working days, but not later than the final delivery dates specified in Attachment E.

The audit firm shall deliver five (5) signed copies of each report to the State Comptroller.

Audit Requirements:

To meet the requirements of this RFP, the audit firm shall perform all audits in accordance with GAAP, Government Auditing Standards, the requirements of OMB Circular A-133, and all other applicable regulations and standards.

Reports to Be Issued:

As required by Federal OMB circular A-133, the services required by this RFP must include reporting on all of the following:

1. Whether the Basic Financial Statements in the State's CAFR present fairly the State's financial position and results of financial operations in conformity with generally accepted accounting principles.
2. Whether the SEFA is fairly presented in relation to the basic financial statements.
3. Internal control related to the financial statements and major programs.
4. Compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State's financial statements.
5. Compliance with laws, regulations and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.
6. Findings and questioned costs.
7. The summary of the auditor's results, which includes:

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- type of report issued on financial statements;
 - type of report issued on compliance for major programs;
 - where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses;
 - where applicable, a statement of reportable conditions in internal control over major programs disclosed by the audit and whether any such conditions were material weaknesses;
 - a statement as to whether the audit disclosed any audit findings which the auditor is required to report;
 - an identification of major programs;
 - the dollar threshold used to distinguish between Type A and Type B programs; and
 - a statement as to whether the auditee qualified as a low-risk auditee.
8. Any irregularities, fraud, or illegal acts. The firm shall be required to give to the State Comptroller under the authority of Section 5A-2-33 of the State Code an immediate, written report of all irregularities and illegal acts of which the firm becomes aware.
9. Any additional requirements under OMB Circular A-133 or future federal OMB circulars that may become effective during this audit contract.

The firm must inform the Cabinet Secretary of the Department of Administration and the State Comptroller in writing of each of the following:

1. The auditor's responsibility under GAAP;
2. Significant accounting policies;
3. Management judgments and significant revisions of past and current estimates and projections;
4. Significant audit adjustments and significant revisions of past and current estimates and projections;

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5. Other information in documents containing audited financial statements or estimates and projections;
6. Disagreements with management;
7. Consultation with other accountants and actuaries;
8. Major issues discussed with management prior to retention;
9. Difficulties encountered in performing the audit;
10. Any additional requirements under SAS 61 or any other related requirements that are currently in effect or may become effective during this audit contract.

Assistance to be Provided to the Auditor:

Information and Assistance: The accounting staff of the Agency and the State agencies as well as management will be available during the audit to assist the audit firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the audit firm.

Work Area, Telephone, Photocopying, and Fax Machines: The Agency will provide the audit firm with reasonable work space, desks, and chairs. The audit firm will also be provided with access to telephone lines, photocopying facilities, and fax machines. The audit firm will provide the Agency with an estimate of the number of personnel to be assigned to the audit in the detailed audit plan. The audit firm will bear the cost of on-line use of the State's data processing systems for audit tests and will work with the Information Services & Communication staff on estimating and coordinating that work. Parking will be the responsibility of the audit staff.

Report Preparation: Final preparation, editing, and printing of the Agency reports, including the CAFR, SEFA, and the summary schedule of prior year audit findings, shall be the responsibility of the Agency.

Working Paper Retention and Access to Working Papers: All working papers and reports must be retained, at the auditor firm's expense, for a minimum of five (5) years after the issuance of all reports, unless the firm is notified in writing by the Agency of the need to extend the retention period. The audit firm will be required to make working papers available, upon request, to the representatives of the federal cognizant agency, other government audit staff, the Government Accountability Office (GAO), and the Agency.

In addition, the audit firm shall respond to the reasonable inquiries of successor auditors and allow them to review working papers relating to matters of continuing significance, in accordance with Statement on Auditing Standards Number 84.

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SECTION FIVE: VENDOR PROPOSAL

1. **Economy of Preparation:** Proposals should be prepared simply and economically providing a straightforward, concise description of the Vendor's abilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of the content.
2. **Incurring Cost:** Neither the State nor any of its employees or officers shall be held liable for any expenses incurred by any Vendor responding to this RFP, including but not limited to preparation, delivery, or travel.
3. **Proposal Format:** Vendors should provide responses in the format listed below:
 - Title Page:** State the RFP subject, number, Vendor's name, business address, telephone number, fax number, name of contact person, e-mail address, Vendor signature, and date.
 - Table of Contents:** Clearly identify the material by section and page number.
 - Attachment A:** Within the attached response sheet (**Attachment A: Vendor Response Sheet**), provide the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

Also, describe the approach and methodology proposed for this project. This should include how each of the goals and objectives listed is to be met.
 - Attachment B:** Complete **Attachment B: Mandatory Specification Checklist**. By signing and dating this attachment, the Vendor acknowledges that they meet or exceed each of these specifications as outlined in 4.5 of Section Four: Project Specifications. The State reserves the right to require documentation detailing how each is met at its discretion.
 - Attachment C:** Complete **Attachment C: Cost Sheet** included in this RFP and submit in a separate sealed envelope. Cost should be clearly marked.
 - Attachment D:** Listing of agencies with stand-alone audits.
 - Attachment E:** Timetable for completion of the audit.

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4. **Proposal Submission:** Proposals must be received in two distinct parts: technical and cost.

- **Technical proposals** must not contain any cost information relating to the project.
- **Cost proposal** shall be sealed in a separate envelope and will not be opened initially.

All proposals must be submitted to the Purchasing Division **prior** to the date and time stipulated in the RFP as the opening date. All bids will be dated and time stamped to verify official time and date of receipt. All submissions must be in accordance with the provisions listed below and in Section Two: Instructions to Bidders Submitting Bids above.

5. **Technical Bid Opening:** The Purchasing Division will open and announce only the technical proposals received prior to the date and time specified in the Request for Proposal. The technical proposals shall then be provided to the Agency evaluation committee.
6. **Cost Bid Opening:** The Purchasing Division shall schedule a date and time to publicly open and announce cost proposals when the Purchasing Division has approved the technical recommendation of the evaluation committee. All cost bids for qualifying proposals will be opened. Cost bids for non-qualifying proposals will also be opened but shall not be considered. A proposal may be deemed non-qualifying for a number of reasons including, but not limited to, the bidder's technical proposal failing to meet the minimum acceptable score and the bidder's technical proposal failing to meet a mandatory requirement of the contract. Certain information, such as technical scores and reasons for disqualification, will not be available until after the contract award, pursuant to **West Virginia Code §5A-3-11(h)** and **West Virginia Code of State Rules §148-1-6.2.5**.

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SECTION SIX: EVALUATION AND AWARD

1. **Evaluation Process:** Proposals will be evaluated by a committee of three (3) or more individuals against the established criteria with points deducted for deficiencies. The Vendor who demonstrates that they meet all of the mandatory specifications required; and has appropriately presented within their written response their understanding in meeting the goals and objectives of the project; and attains the highest overall point score of all Vendors shall be awarded the contract. The selection of the successful Vendor will be made by a consensus of the evaluation committee.
2. **Evaluation Criteria:** All evaluation criteria is defined in the specifications section and based on a 100 point total score. Cost shall represent a minimum of 30 of the 100 total points.

The following are the evaluation factors and maximum points possible for technical point scores:

• Responsiveness of proposal in clear language stating an understanding of the work to be done	5 Points Possible
• Qualifications and experience	
○ Firm	15 Points Possible
○ Staff	10 Points Possible
○ Experience	10 Points Possible
• Approach and methodology	
○ Audit Work Plan	30 Points Possible
• Cost	<u>30 Points Possible</u>
Total	100 Points Possible

Each cost proposal cost will be scored by use of the following formula for all Vendors who attained the minimum acceptable score:

$$\frac{\text{Lowest price of all proposal}}{\text{Price of Proposal being evaluated}} \times 30 = \text{Price Score}$$

- 2.1 **Technical Evaluation:** The Agency evaluation committee will review the technical proposals, deduct points where appropriate, and make a final written recommendation to the Purchasing Division.
- 2.2 **Minimum Acceptable Score:** Vendors must score a minimum of 70% (49 points) of the total technical points possible. All Vendors not attaining the minimum acceptable score (MAS) shall be considered as non-qualifying. A proposal may be deemed non-qualifying for a number of

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reasons including, but not limited to, the bidder's technical proposal failing to meet the minimum acceptable score and the bidder's technical proposal failing to meet a mandatory requirement of the contract. Cost bids for non-qualifying proposals will also be opened but shall not be considered. Certain information, such as technical scores and reasons for disqualification, will not be available until after the contract award, pursuant to *West Virginia Code* §5A-3-11(h) and *West Virginia Code of State Rules* §148-1-6.2.5.

- 2.3 Cost Evaluation: The Agency evaluation committee will review the cost proposals, assign appropriate points, and make a final recommendation to the Purchasing Division.

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Attachment A: Vendor Response Sheet

Provide a response regarding the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives where and how they were met.

List project goals and objectives contained in Section 4, Subsection 4:

Section 4, Subsection 4.1: List audits that have been completed that demonstrate the ability to manage an audit engagement of this magnitude.

Vendor Response:

Section 4, Subsection 4.2: List proposed audit staff with degrees, qualifications, and experience also describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement

Vendor Response:

Section 4, Subsection 4.3: List prior government experience (description of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met) and continuing education of senior audit staff, partners, managers, and supervisors.

Vendor Response:

Section 4, Subsection 4.4: Describe specific audit work plan including; subcontractors; the firm's responsibilities under the applicable auditing standards and federal regulations; and how the firm's approach to this engagement will demonstrate that all requirements are met. Also describe specific audit work plan for any potential problems in performing all services described in this RFP including; the effects of GASB standards; the firm's approach to resolving these problems; and any special assistance that will be requested of the Agency or the State agencies.

Vendor Response:

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Attachment B: Mandatory Specification Checklist

List mandatory specifications contained in Section 4, Subsection .5:

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Vendor Response:

Section 4, Subsection 5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at of the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance.

Vendor Response:

Section 4, Subsection 5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996 and OMB Circular A-133.

Vendor Response:

Section 4, Subsection 5.4: The firm shall submit a copy of one (1) report issued in the last five (5) years that is similar to the engagement described in this RFP.

Vendor Response:

Section 4, Subsection 5.5: The firm shall submit a copy of its most recent external quality control review report.

Vendor Response:

Section 4, Subsection 5.6: All requirements must also be met by joint proposers.

Vendor Response:

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Attachment C: Cost Sheet

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.

Cost Proposal for Fiscal Year 2014 (each item is an All Inclusive Cost):

CAFR \$ _____
 Single Audit \$ _____
 WVFIMS SSAE 16 Service Organization Control 1 Report \$ _____
 State Rail (Separately Published Audit) \$ _____

Cost Proposal for Fiscal Year 2015 (each item is an All Inclusive Cost):

CAFR \$ _____
 Single Audit \$ _____
 wvOASIS SSAE 16 Service Organization Control 1 Report \$ _____
 State Rail (Separately Published Audit) \$ _____

Cost Proposal for Fiscal Year 2016 (each item is an All Inclusive Cost):

CAFR \$ _____
 Single Audit \$ _____
 wvOASIS SSAE 16 Service Organization Control 1 Report \$ _____
 State Rail (Separately Published Audit) \$ _____

Cost Proposal for Fiscal Year 2017 (each item is an All Inclusive Cost):

CAFR \$ _____
 Single Audit \$ _____
 wvOASIS SSAE 16 Service Organization Control 1 Report \$ _____
 State Rail (Separately Published Audit) \$ _____

Grand Total of Cost Proposal for Fiscal Year 2014, 2015, 2016, and 2017 \$ _____

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the proposal.

(All Inclusive)

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Attachment D: ENTITIES AUDITED ON A STAND-ALONE BASIS

AGENCY NAME

Alcohol Beverage Control Administration
Board of Risk and Insurance Management
Board of Treasury Investments
Consolidated Public Retirement Board
Economic Development Authority
Educational Broadcasting Authority
Workforce West Virginia
Water Pollution Control Revolving Fund - (DEP) A-133 version also
Housing Development Fund
Insurance Commission / Workers' Compensation Fund
Jobs Investment Trust
West Virginia Lottery
Parkways Authority
Public Employees Insurance Agency
Retiree Health Benefit Trust Fund
WV College Prepaid Tuition and Smart 529 Savings Program
Public Defender Corporations (18)
Racing Commission
Regional Jail and Correctional Authority
School Building Authority
Solid Waste Management Board
State Road /Highways
Tobacco Settlement Finance Authority
Water Development Authority
Drinking Water Treatment Revolving Fund (WDA) (loan funds)
Drinking Water Treatment Revolving Fund (DHHR) (set-aside funds) every 3 years (2015)
WV Infrastructure & Jobs Development Council
WV Investment Management Board
WV State Rail Authority
Higher Education (18 institutions, including WVNET and Higher Education Policy Commission)
Municipal Pension Oversight Board

WEST VIRGINIA DEPARTMENT OF COMMERCE
State Capital Complex
Building 6, Room 553
Charleston, WV 25305-0311
204.558.2234 Telephone
204.558.0449 Fax